

"I consider one of my most important jobs to be chief risk officer of our firm," Mr. Corzine told that conference.

Yet soon after joining MF Global, Mr. Corzine torpedoed an effort to build a new risk system, a much-needed overhaul, according to former employees. (A person familiar with Mr. Corzine's thinking said that he saw the need to upgrade, but that the system being proposed was "unduly expensive" and was focused in part on things the firm didn't trade.)

While risk at the firm had been sharply increased with the bet on European sovereign debt, there was a compelling argument for Mr. Corzine's strategy.

MF Global had obtained loans to buy debt of Italy, Ireland and other troubled European nations, while simultaneously pledging the bonds as collateral to support the loans. The loans would come due when the bonds matured, which would happen no later than the end of 2012. MF Global, Mr. Corzine reckoned, would profit on the spread between the interest paid on the loans and the coupons earned from the bonds.

But the size of the European position was making the firm's top risk officers, Michael Roseman and Talha Chaudhry, increasingly uncomfortable by late 2010, according to people familiar with the situation. They pushed Mr. Corzine to seek approval from the board if he wanted to expand it.

Mr. Roseman then gave a PowerPoint presentation for board members, explaining the sovereign debt trade as Mr. Corzine sat a few feet away. The presentation made clear the risks, which hinged on the nations not defaulting or the bonds losing so much value they caused a cash squeeze. The directors approved the increase. Mr. Roseman eventually left the firm.

Within MF Global, Mr. Corzine welcomed discussion about his bet and his reasons for it, though some senior managers said they feared confronting such a prominent figure. Those who did challenge him recall making little progress. One senior trader said that each time he addressed his concerns, the chief executive would nod with understanding but do nothing.

These concerns were only internal at first because, while MF Global had disclosed the existence of the transactions in at least one filing in 2010, it never mentioned the extent to which they were used to finance the purchase of European debt.

The firm bought its European sovereign bonds making use of an arcane transaction known as repurchase-to-maturity. Repo-to-maturity allowed the company to classify the purchase of the bonds as a sale, rather than a risky bet subject to the whims of the market. That called to mind an earlier era of trading when firms used repo-to-maturity to finance the purchase of risk-free assets like United States Treasury securities. Mr. Corzine's specialty at Goldman many years earlier.

"It's like a bond trader from 15 years ago went to sleep and suddenly awoke to make these trades," one regulator who later reviewed the transactions remarked to a colleague.

Eventually, MF Global's auditor, PricewaterhouseCoopers, asked Mr. Corzine to report the European debt exposure to his investors. He personally met with the accounting firm in December 2010, two people said, and it was agreed that the transactions would be mentioned in a footnote in the firm's annual report, which was filed on May 20, 2011.

Mr. Speaker, I thank you very much for the time this evening, I thank my colleagues and those who are listening, and I yield back my remaining time.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12(a) of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 9 o'clock and 35 minutes p.m.), the House stood in recess subject to the call of the Chair.

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AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. DOLD) at 11 o'clock and 39 minutes p.m.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. DIAZ-BALART (at the request of Mr. CANTOR) for today through December 16 on account of a family medical issue.

ADJOURNMENT

The SPEAKER pro tempore. Without objection, the House stands adjourned until 10 a.m. tomorrow for morning-hour debate.

There was no objection.

Accordingly (at 11 o'clock and 40 minutes p.m.), under its previous order, the House adjourned until tomorrow, Thursday, December 15, 2011, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XIV, executive communications were taken from the Speaker's table and referred as follows:

4297. A letter from the Under Secretary of Defense (Comptroller), Associate Director of National Intelligence, National Geospatial-Intelligence Agency, transmitting a report of a violation of the Antideficiency Act, National Geospatial-Intelligence Agency case number 10-04; to the Committee on Appropriations.

4298. A letter from the Chairman and President, Export-Import Bank, transmitting a report on transactions involving U.S. exports to the Kingdom of Saudi Arabia pursuant to Section 2(b)(3) of the Export-Import Bank Act of 1945, as amended; to the Committee on Financial Services.

4299. A letter from the Assistant Secretary, Legislative Affairs, Department of State, transmitting a report concerning methods employed by the Government of Cuba to comply with the United States-Cuba September 1994 "Joint Communiqué" and the treatment by the Government of Cuba of persons returned to Cuba in accordance with the United States-Cuba May 1995 "Joint Statement", together known as the Migration Accords; to the Committee on Foreign Affairs.

4300. A letter from the Chairman, Broadcasting Board of Governors, transmitting the semiannual report on the activities of the Office of Inspector General for the period from April 1, 2011 to September 30, 2011, pursuant to 5 U.S.C. app. (Insp. Gen. Act), section 5(b); to the Committee on Oversight and Government Reform.

4301. A letter from the Acting Staff Director, Commission on Civil Rights, transmit-

ting the Commission's Performance and Accountability Report for fiscal year 2011; to the Committee on Oversight and Government Reform.

4302. A letter from the Chief Human Capital Officer, Corporation for National and Community Service, transmitting a report pursuant to the Federal Vacancies Reform Act of 1998; to the Committee on Oversight and Government Reform.

4303. A letter from the Assistant Secretary, Legislative Affairs, Department of State, transmitting the Department's Agency Financial Report for Fiscal Year 2011; to the Committee on Oversight and Government Reform.

4304. A letter from the Director of Legislative Affairs, Office of the Director of National Intelligence, transmitting a report pursuant to the Federal Vacancies Reform Act of 1998; to the Committee on Oversight and Government Reform.

4305. A letter from the Director of Legislative Affairs, Office of the Director of National Intelligence, transmitting 2 reports pursuant to the Federal Vacancies Reform Act of 1998; to the Committee on Oversight and Government Reform.

4306. A letter from the Delegated the Authority of the Staff Director, Commission on Civil Rights, transmitting notification that the Commission recently appointed members to the Arizona Advisory Committee; to the Committee on the Judiciary.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions of the following titles were introduced and severally referred, as follows:

By Mr. BLUMENAUER (for himself, Mr. POE of Texas, Mr. PAYNE, Mr. BURTON of Indiana, Mr. CARNAHAN, Mr. SRES, Mr. MCCAUL, Mr. BERMAN, Mr. MCGOVERN, Mr. CONYERS, Ms. BASS of California, Ms. LEE of California, and Mr. SMITH of Washington):

H.R. 3658. A bill to strengthen implementation of the Senator Paul Simon Water for the Poor Act of 2005, and for other purposes; to the Committee on Foreign Affairs.

By Mr. PAULSEN (for himself, Mr. DAVIS of Kentucky, Mr. BOUSTANY, Mr. SCHOCK, and Mrs. BLACK):

H.R. 3659. A bill to reauthorize the program of block grants to States for temporary assistance for needy families through fiscal year 2012, and for other purposes; to the Committee on Ways and Means.

By Mr. CARNAHAN (for himself, Mr. BURTON of Indiana, Mr. CONNOLLY of Virginia, Mrs. ELLMERS, Mr. JONES, and Mr. WELCH):

H.R. 3660. A bill to establish the United States Office for Contingency Operations, and for other purposes; to the Committee on Foreign Affairs, and in addition to the Committees on Armed Services, and Oversight and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. TIBERI (for himself, Mr. NEAL, Mr. BUCHANAN, Mr. RANGEL, Mr. GERLACH, Mr. CROWLEY, Mr. TERRY, Mr. PASCRELL, and Mr. CLEAVER):

H.R. 3661. A bill to amend the Internal Revenue Code of 1986 to make permanent and expand the temporary minimum credit rate for the low-income housing tax credit program; to the Committee on Ways and Means.

By Mr. McKEON (for himself, Mr. RUNYAN, Mr. AKIN, Mr. THORNBERRY, Mrs.